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ANNUAL REPORT  
OF  
THE  
KROGER  
GROCERY & BAKING  
COMPANY



FOR THE YEAR ENDED DECEMBER 31, 1929

### OFFICERS

|                           |                                   |
|---------------------------|-----------------------------------|
| B. H. KROGER . . . .      | <i>Chairman of the Board</i>      |
| W. H. ALBERS . . . .      | <i>President and Gen. Manager</i> |
| A. L. NAGEL . . . . .     | <i>Vice-President</i>             |
| J. B. BONHAM . . . . .    | <i>Vice-President</i>             |
| B. H. KROGER, JR. . . . . | <i>Treasurer</i>                  |
| GEO. G. MEINERS . . . . . | <i>Secretary</i>                  |
| L. J. HUERKAMP . . . .    | <i>Ass't Sec'y and Treas.</i>     |
| F. M. GRIEME . . . . .    | <i>Ass't Treas.</i>               |
| T. S. BURNS . . . . .     | <i>Ass't Sec'y</i>                |

### DIRECTORS

|                 |                   |
|-----------------|-------------------|
| W. H. ALBERS    | B. H. KROGER, JR. |
| J. B. BONHAM    | R. G. CLARK       |
| JOHN M. HANCOCK | GEO. G. MEINERS   |
| L. J. HUERKAMP  | A. L. NAGEL       |
| B. H. KROGER    | M. McCLATCHEY     |
|                 | PAUL SIMS         |

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## PRESIDENT'S REPORT

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Cincinnati, February 15th, 1930.

To the Stockholders of  
The Kroger Grocery & Baking Company:

The year 1929 will go down in the annals of your company as one of the most extraordinary and unusual in its history.

Net earnings are \$6,375,789.21 (an increase of \$1,052,203.58) or \$3.64 per share on 1,725,726 16/20 outstanding shares at the close of year compared to \$3.47 per share on 1,534,618 14/20 outstanding shares at the close of 1928.

The main activities of the year were devoted to merging the newly acquired companies into our organization which was done without disturbing their operations, as is demonstrated by the largest increase in sales in any one year of company history. This one year increase was more than the total sales of our company in 1923—the fortieth year of its operation. However, the company reached a size that necessitated changing from centralized directions of branch store operations into nine decentralized operating units, the extraordinary expense and labor of which affected earnings.

Earnings were further affected in the last part of year by severe decline in commodity prices—higher flour costs, with no increase in bread prices; with unfavorable meat conditions and a low gross profit on holiday merchandise. These conditions are now improving.

Piggly Wiggly Corporation and the Consumers stores of Chicago increased earnings over previous year.

The company's financial condition is very satisfactory, as the balance sheet attests, Current Assets are  $3\frac{1}{2}$  times Current Liabilities. The book value on depreciated basis is \$29.33 per share, with replacement value at least \$40.00 per share.

Substantial progress was made in 1929—first in the development and forging ahead of the Kroger organization through most trying conditions, and again in having established stores in many new markets that normal expansion would have required five or more years and much greater costs, to have accomplished. Many large master stores were developed during the year.

The warehouses, bakeries and equipment are in the finest condition in the history of the company; new plants at Indianapolis and Grand Rapids; new bakery at Cincinnati and new addition at Detroit and Memphis during the year give modern units in these cities.

Concentrated efforts now will be on increasing profits to sales.

The company has 13,895 shareholders compared to 6,138 at the beginning of the year—an increase of 7,757.

To my associate employees—I know and appreciate most sincerely your efforts, loyalty and support during this past year, and am encouraged by your optimistic, determined and aggressive spirit to increase profits to sales in the year 1930.

Respectfully submitted,

WILLIAM H. ALBERS, *President.*

MAY 18-32 JUL 13 HG



# THE KROGER GROCERY AND BAKING CO. CONSOLIDATED BALANCE SHEET

## ASSETS:

### CURRENT:

|   |                 |
|---|-----------------|
| Cash in banks and on hand.....  | \$ 7,516,136.00 |
| Notes and accounts receivable, net of allowance for those doubtful of collection: |                 |
| Customers .....   | \$ 419,735.83   |
| Officers and employees .....  | 402,380.99      |
| Claims, advances, etc. ....   | 503,183.87      |

|   |               |
|---|---------------|
|   | 1,325,300.69  |
| Inventories of merchandise, at cost not in excess of market ..... | 22,340,580.62 |
| Cash surrender value of life insurance.....                       | 20,189.30     |
| Prepaid insurance, rent, taxes, etc.....                          | 761,389.26    |

|                            |               |
|----------------------------|---------------|
| TOTAL CURRENT ASSETS ..... | 31,963,595.87 |
|----------------------------|---------------|

### Investments at ledger values:

|  |              |
|--|--------------|
| Stocks of affiliated companies not included in consolidation ..... | 6,983,684.02 |
| Other stocks, bonds, mortgage notes and accrued interest .....     | 371,027.30   |

|   |               |
|---|---------------|
|   | 7,354,711.32  |
| Land, buildings and equipment including improvements to leased property at ledger values, net of allowance for depreciation ..... | 24,151,355.07 |
| Common stock of company purchased and held by trustee for sale to employees.....  | 264,478.60    |
| Goodwill .....  | 1.00          |
| Deferred charges .....  | 206,836.50    |

\$63,940,978.36

We have audited the accounts of The Kroger Grocery and Baking Company for the year ended December 31, 1929, and we certify that, in our opinion the accompanying consolidated financial position of the companies at December 31, 1929, is fairly presented.

LYBRAND & COMPANY

# COMPANY AND SUBSIDIARY COMPANIES

## SHEET, DECEMBER 31, 1929

### LIABILITIES:

#### CURRENT:

|  |                        |
|--|------------------------|
| Accounts payable, vendors, etc. ....   | \$ 7,581,618.68        |
| Accrued expenses, taxes, etc. ....   | 1,570,082.17           |
| Dividend payable, January 2, 1930.....   | 2,323.50               |
| <b>TOTAL CURRENT LIABILITIES .....</b>   | <b>9,154,024.35</b>    |
| Employees' deposits on subscriptions to unis-<br>sued common stock and guarantees.....                         | 1,712,606.79           |
| Mortgages payable:   |                        |
| Subsidiary company convertible 6 pct. de-<br>bentures due serially each May 15, 1930-<br>1939—Authorized ..... | \$ 1,000,000.00        |
| Less: Retired or converted..\$ 94,000.00   |                        |
| In treasury .....  | 319,000.00             |
|  | <u>413,000.00</u>      |
| Outstanding (\$36,500 due May 15, 1930)  | 587,000.00             |
| On real estate .....   | 146,000.00             |
|  | <u>733,000.00</u>      |
| Preferred stocks of subsidiary companies.....  | 1,173,600.00           |
| Reserve for uninsured losses, etc.....   | 398,978.37             |
|  | <u>\$13,172,209.51</u> |

### CAPITAL AND SURPLUS

#### Preferred capital stock:

|   |                   |
|---|-------------------|
| First preferred 6 pct. par \$100<br>outstanding .....   | \$ 81,400.00      |
| Second preferred, 7 pct. par<br>\$100 outstanding ..... | 63,000.00         |
|   | <u>144,400.00</u> |

|  |                 |
|--|-----------------|
| Common capital stock without par value:<br>(Authorized 3,000,000 shares) <i>Shares</i> |                 |
| Issued .....   | 1,742,203-16/20 |
| Less, in treasury .....  | 16,477          |

|                |                 |               |
|----------------|-----------------|---------------|
| Outstanding .. | 1,725,726-16/20 | 31,358,149.76 |
|----------------|-----------------|---------------|

|                      |            |
|----------------------|------------|
| Paid in capital..... | 382,475.00 |
|----------------------|------------|

#### Earned surplus:

|  |                      |
|--|----------------------|
| Appropriated for 1930 stock<br>dividends ..... | \$ 1,621,706.63      |
| Unappropriated .....                           | 17,262,037.46        |
|  | <u>18,883,744.09</u> |

|  |                        |
|--|------------------------|
|  | <u>50,768,768.85</u>   |
|  | <u>\$63,940,978.36</u> |

making Company and Subsidiary Companies for the year ended De-  
balance sheet and surplus and income account set forth correctly the  
9, and the results of their operations for the year ended that date.  
), ROSS BROS. & MONTGOMERY, Accountants and Auditors.

THE KROGER GROCERY AND BAKING COMPANY  
AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS ACCOUNT  
*for the year ended December 31, 1929*

|   |                 |
|---|-----------------|
| — o —   |                 |
| Earned surplus, January 1, 1929.....  | \$16,619,170.32 |
| Add, Income for the year ended December<br>31, 1929, as annexed .....             | 6,375,789.21    |
|   | 22,994,959.53   |
| Deduct, Adjustment of value of investment<br>in stock of affiliated company ..... | \$ 970,843.51   |
| Cost of goodwill of sundry businesses ac-<br>quired in 1928 and 1929 .....        | 787,262.22      |
| Sundry adjustments, net .....   | 163,164.14      |
|   | \$ 1,921,269.87 |
| Dividends paid:   |                 |
| Common stock, cash....  | \$1,693,007.50  |
| Common stock, stock....   | 405,194.50      |
| Preferred stocks, cash....  | 91,743.57       |
|   | 2,189,945.57    |
|   | 4,111,215.44    |
| Earned surplus, December 31, 1929: Appro-<br>priated for stock dividend.....      | 1,621,706.63    |
| Unappropriated .....  | 17,262,037.46   |
|   | \$18,883,744.09 |



THE KROGER GROCERY AND BAKING COMPANY  
AND SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT  
*for the year ended December 31, 1929*

|  |                       |
|--|-----------------------|
| —o—  |                       |
| Net sales .....  | \$ 286,611,214.88     |
| Cost of sales .....                                      | 241,161,982.84        |
|  | <hr/> 45,449,232.04   |
| Other income:  |                       |
| Interest received .....                                  | \$ 116,873.30         |
| Discount on purchases .....                              | 1,610,825.41          |
| Accrued earnings for 1929 of affiliated<br>company ..... | 766,041.20            |
|  | <hr/> 2,493,739.91    |
| Gross income .....                                       | <hr/> 47,942,971.95   |
| Store expenses .....                                     | 37,640,733.49         |
| Administrative expenses .....                            | 1,313,135.27          |
| Depreciation .....                                       | 1,860,260.20          |
|  | <hr/> 40,814,128.96   |
| Income before interest and federal<br>taxes .....        | 7,128,842.99          |
| Interest paid .....                                      | 58,653.49             |
|  | <hr/> 7,070,189.50    |
| Income before federal taxes.....                         | 694,400.29            |
| Allowance for federal taxes.....                         | <hr/> \$ 6,375,789.21 |
| Income carried to surplus.....                           | <hr/> <hr/>           |

